

79-473

Supreme Court, U. S.
FILED

SEP 20 1979

MICHAEL ROBAK, JR., CLERK

IN THE
Supreme Court of the United States

OCTOBER TERM, 1979

No.

WORLD CARPETS, INC., et. al.,
Petitioners,

versus

ARMSTRONG CORK COMPANY, et. al.,
Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

WARREN N. COPPEDGE, JR.
MITCHELL, MITCHELL, COPPEDGE,
BOYETT, WESTER & BATES
101 NORTH THORNTON AVENUE
DALTON, GEORGIA 30720

JULIUS R. LUNSFORD, JR.
BEVERIDGE, DeGRANDI, KLINE
& LUNSFORD
1012 HARRIS TOWER
PEACHTREE CENTER
233 PEACHTREE STREET, N.E.
ATLANTA, GEORGIA 30303

ATTORNEYS FOR PETITIONERS

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Petitioners pray that a Writ of Certiorari issue to review the opinion and judgment of the United States Court of Appeals for the Fifth Circuit rendered in these proceedings on June 21, 1979.

OPINIONS BELOW

The opinion of the United States Court of Appeals for the Fifth Circuit, as yet unreported, appears at Ap-

pendix, *infra.*, pages 1a-19a. The opinion of the United States District Court for the Northern District of Georgia is reported at 448 F.Supp. 1072, and appears at Appendix, *infra.*, pages 21a-36a.

JURISDICTION

The judgment of the United States Court of Appeals for the Fifth Circuit was entered on June 21, 1979. A petition for rehearing, timely filed, was denied on August 10, 1979. The jurisdiction of this Court is invoked under 28 U.S.C. §1254(1).

QUESTION PRESENTED

The Second, Fourth and Seventh Circuits recognize that one entering a field of endeavor previously occupied by another should in the selection of a trade name or trademark keep far enough away from the existing name or mark to avoid all possible confusion. In its decision, the Fifth Circuit has specifically refused to recognize and apply this rule. (See Appendix, page 9a, Footnote 6.) Therefore, the question presented is:

Whether the Fifth Circuit Court of Appeals applied the "clearly erroneous rule" to the incorrect standard of "likelihood of confusion" rather than the correct standard of "all possibility of confusion", thereby finding reversible error in the Findings of Fact of the District Court and the Advisory Jury.

STATUTE AND RULE INVOLVED

15 U.S.C. §1114(1)

§1114. Remedies; infringement; innocent infringement by printers and publishers

(1) Any person who shall, without the consent of the registrant —

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive.

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) of this section, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

Rule 52(a) of the Federal Rules of Civil Procedure

Rule 52. Findings by the Court

(a) Effect. In all actions tried upon the facts without a jury or with an advisory jury, the Court shall find the facts specially and state separately its conclusions of law thereon, and judgment shall be entered pursuant to Rule 58; and in granting or refusing interlocutory injunctions the court shall similarly set forth the findings of fact and conclusions of law which constitute the grounds of its action. Requests for findings are not necessary for purposes of review. Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses. The findings of a master, to the extent that the court adopts them, shall be considered as the findings of the court. If an opinion or memorandum of decision is filed, it will be sufficient if the findings of fact and conclusions of law appear therein. Findings of fact and conclusions of law are unnecessary on decisions of motions under Rule 12 or 56 or any other motion except as provided in Rule 41(b).

STATEMENT OF THE CASE

Armstrong Cork Company filed suit seeking a declaration that its proposed new name, Armstrong World Industries, Inc., did not infringe upon World Carpets, Inc.'s trademarks, "WORLD" and "WORLD" with a globe symbol. World Carpets, Inc. counterclaimed seeking injunctive relief and alleging that Armstrong Cork Company had infringed upon its trademark rights and had violated the Georgia Fair Business Practices Act of 1975, Ga. Laws 1975, pages 376-392. Armstrong World Industries, Inc. and the several subsidiaries of World Carpets, Inc. were subsequently joined as parties plaintiff and defendants respectively.

An advisory jury made findings of fact that Armstrong Cork Company's proposed new name was likely to cause confusion, was not a good faith, fair, and descriptive use of the word *World*, and was an unfair trade practice. The District Court made its own findings of fact and conclusions of law, ruling that first, Armstrong Cork Company's use of its proposed new corporate name would infringe upon World Carpets, Inc.'s trademark rights, and second, that Armstrong Cork Company had not violated the Georgia Fair Business Practices Act of 1975. The District Court enjoined Armstrong Cork Company from using its proposed new name.

On appeal, the Court of Appeals stated the controlling issue to be whether the proposed new name

was likely to cause confusion in the minds of the carpet buying public and refused to adopt the standard recognized by the District Court that Armstrong as a newcomer must avoid all possible confusion.¹ The Court went on to rule that since the finding of likelihood of confusion is one of fact, it is therefore reviewable under the "clearly erroneous" test of F.R.Civ.P. 52(a). The Court of Appeals found no evidence of likelihood of confusion under the standard set out above and therefore reversed the injunction order as being clearly erroneous. The Court of Appeals affirmed the District Court's finding of no violation of the state statute.

ARGUMENT FOR ALLOWANCE OF WRIT

The petitioners respectfully submit that this petition should be granted as it involves issues that affect the very purpose and intent of federal trademark law. By virtue of its decision in this case, the Court of Appeals for the Fifth Circuit has eroded much of the protection afforded registered trademarks under the Lanham Act, 15 U.S.C. 1051, et seq.

The Court of Appeals correctly stated the controlling issue in a trademark infringement case to be whether the alleged infringer's mark is likely to cause confusion (15 U.S.C. §1114). However, the Court of

¹ Actually the District Court recognized the "newcomer" standard of avoiding "all possibility of confusion", but applied and found evidence to support a finding that Armstrong Cork Company's proposed name change would violate the "likelihood of confusion" standard.

Appeals erred by applying the incorrect standard of likelihood of confusion when the "all possibility of confusion" standard should have been applied. This brings the Fifth Circuit into direct conflict with the Second, Fourth and Seventh Circuits. The Courts of Appeal for the Second, Fourth and Seventh Circuits indicate that when a newcomer to a trade or product area is involved, the newcomer must avoid all possibility of confusion.

The Seventh Circuit has repeatedly held:

"One entering a field of endeavor already occupied by another should, in the selection of a trade name or trademark, keep far enough away to avoid all possible confusion". *Northam Warran Corp. v. Universal Cosmetics Co.*, 18 F.2d 774, 775 (7th Cir. 1927); *G. D. Searle & Co. v. Chas. Pfizer & Co.*, 265 F.2d 385, 387 (7th Cir. 1959).

In accord is the Fourth Circuit, *AMP, Inc. v. Fay*, 540 F.2d 1181 (4th Cir. 1976); and the Second Circuit, *Harold F. Ritchie, Inc. v. Chesebrough-Pond's, Inc.*, 281 F.2d 755 (2nd Cir. 1960).

In this matter the Court recognized that Armstrong Cork Company was a newcomer both to the tufted carpet industry and to the use of the name and mark WORLD in connection therewith, but failed to apply the legal standard that would require Armstrong Cork Company, as a newcomer, to avoid all possibility of confusion. The Court of Appeals acknowledged the "all

possibility of confusion" standard, but expressly declined to apply it. (Court of Appeals Opinion, Footnote 6, Appendix, page 9a) Instead it applied the "clearly erroneous rule" [Fed.R.Civ.P. 52(a)] to the standard of "likelihood of confusion in the minds of the carpet buying public" (Court of Appeals Opinion, Appendix, page 9a), and thereby avoided consideration of the possible uses of WORLD by Armstrong Cork Company. Such a consideration would be required under the "all possible confusion" test (a consideration explored and weighed by the District Court in Conclusion of Law No. 41, Appendix, page 32a) and would have resulted in a finding that the District Court's opinion was not clearly erroneous.

In substituting its own findings of fact for that of the District Court and Advisory Jury, the Court of Appeals narrowed its focus to a proposed label in order to find clear error. Application of the standard favored by the Fifth Circuit provides no real protection to the trademark owner, but rather encourages repeated litigation. As stated in Footnote 16 of the Court of Appeals decision "... Should Armstrong in the future use its name in such a manner that infringes upon World's trademark rights World will, of course, be free at that time to seek redress".

The effect of such a ruling is that World Carpets, Inc. will be forced to prosecute an infringement claim each time Armstrong Cork Company uses its new name in a manner other than diminutively on its carpet label. To not take action could be determined as acquiescence under the present law. Petitioners submit that it is not

the intent of federal trademark law to force World Carpets, Inc. to undertake such a burden.

The trademark owner needs to know where it stands in relation to the alleged infringer. The standard applied by the Fifth Circuit is too narrow and does not, as this matter clearly demonstrates, afford the trademark owner the opportunity of a final determination of its rights.

Petitioners submit that the "all possible confusion" standard recognized and followed by the Second, Fourth and Seventh Circuits is the more reasoned legal standard for likelihood of confusion. However, as matters now stand, a conflict exists between the circuits that strikes at the heart of trademark law. It is a conflict that can only be resolved by this Court.

CONCLUSION

For the reasons set out above, a Writ of Certiorari should issue to review the judgment and opinion of the United States Court of Appeals for the Fifth Circuit.

Respectfully submitted,
MITCHELL, MITCHELL,
COPPEDGE, BOYETT,
WESTER & BATES

P. O. ADDRESS:
P. O. Box 668
Dalton, GA 30720
(404) 278-2040

Warren N. Coppedge, Jr.
COUNSEL FOR PETITIONERS

BEVERIDGE, DeGRANDI,
KLINE & LUNSFORD

Julius R. Lunsford, Jr.

1012 Harris Tower
Peachtree Center
233 Peachtree Street, N.E.
Atlanta, Georgia 30303
COUNSEL FOR PETITIONERS

CERTIFICATE OF SERVICE

I hereby certify that three (3) copies of the foregoing
Petition for Writ of Certiorari were duly served by
first-class mail, postage prepaid, on the attorneys for
Respondents:

David H. T. Kane
Kane, Dalsimer, Kane, Sullivan and Kurucz
420 Lexington Avenue
New York, New York 10017

Oscar M. Smith
Smith, Shaw, Maddox, Davidson & Graham
P. O. Box 29
Rome, Georgia 30161

This ____ day of September, 1979.

Warren N. Coppedge, Jr.,
Counsel for Petitioners

APPENDIX

ARMSTRONG CORK COMPANY and
ARMSTRONG WORLD INDUSTRIES, INC.,
Plaintiffs-Appellants, Cross-Appellees,

versus

WORLD CARPETS, INC., et al.,
Defendants-Appellees, Cross-Appellants.

No. 78-1919

UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

June 21, 1979

JOHN R. BROWN, Chief Judge:

In this case, we fly by magic carpet through the exotic and esoteric realm of trademark law and the Lanham Act, 15 U.S.C.A. §§1051-1127. Armstrong Cork Company (Armstrong), plaintiff below, appeals from a District Court order enjoining Armstrong from using its proposed new corporate name, Armstrong World Industries, Inc. World Carpets, Inc. (World), defendant below, appeals from the District Court's ruling that Armstrong had not violated the Georgia Fair Business Practices Act of 1975, Ga. Code Ann. §§106-1201 to 1217. The main issue on appeal is whether the District

Court was correct in ruling that Armstrong's use of its proposed corporate name would infringe World's rights in its registered trademarks WORLD and WORLD with a globe symbol. We conclude that the District Court's finding of trademark infringement was incorrect. The District Court's order of injunction is reversed and its ruling on the state law issue is affirmed.

I. In The Beginning

The Carpetbaggers

Armstrong is a Pennsylvania corporation that manufactures home furnishing products, including hard surface flooring, ceiling material, furniture, and carpeting. Armstrong has ten foreign subsidiaries and affiliates located in eight foreign countries. Armstrong's products are sold in over 100 countries. From 1950 to 1976, Armstrong spent approximately 180 million dollars in advertising.

Armstrong sells its products under various trademarks, such as Armstrong with a circled A and Evans & Black. Armstrong is also the owner of registered trademarks INDOOR WORLD and THE INDOOR WORLD, which refer to Armstrong's interior decorating services and cotton piece goods.

Although Armstrong is best known for its hard surface flooring products, Armstrong is also a manufacturer of tufted carpets. In the early part of this cen-

tury, Armstrong manufactured or sold carpet under various trade names, culminating with the Delttox label that was discontinued in the early 1960's. In 1966, Armstrong acquired Brinton Carpets, a Canadian producer of woven and tufted carpeting. In 1967, Armstrong acquired Evans & Black of Texas and Georgia, a tufted carpet producer. Armstrong is now one of the largest producers of carpets. As required by federal law, the Armstrong corporate name appears on every label of carpet manufactured or warranted by Armstrong.

Since 1973, Armstrong has operated a wholly-owned subsidiary, Pacific World. Pacific World is the wholesale distributor of Armstrong carpets in California and the surrounding areas. Pacific World has approximately six to seven million dollars in annual sales.

For some time now, Armstrong has been considering a name change. Because cork has ceased to be a significant part of Armstrong's product line, Armstrong's executives concluded that the corporate name Armstrong Cork Company no longer provided an appropriate description of Armstrong's business. Deciding to change to a corporate name that was "more reflective of what the Armstrong Cork Company is today," Armstrong embarked upon what has been a rocky road to name change. Testimony of James Binns, Pres., Armstrong Cork Co.

Before deciding upon Armstrong World Industries, Inc., Armstrong considered other names, such as Arm-

strong International, Armstrong Industries, and Armstrong Indoor World Industries. Armstrong International and Armstrong Industries could not be cleared for use in certain states because of existing companies with identical names. Armstrong Indoor World Industries was not adopted because it was considered too restrictive.

Armstrong eventually settled upon the name Armstrong World Industries, Inc. The proposed name was approved by Armstrong's shareholders in 1977. Armstrong then formed a Delaware name-holder corporation, Armstrong World Industries, Inc., and received permission to do business in that name in all fifty states.

At this point, World pulled the rug from under Armstrong's corporate feet, objecting to the proposed name change.

The Rug Beaters

World is a Georgia corporation manufacturing tufted textile carpets in a variety of styles and colors. Organized in 1954, World is a closely-held corporation with subsidiaries in seven metropolitan areas throughout the United States and with export sales in twenty-five countries, including Australia, England, Germany, and Japan. World's annual sales exceed 100 million dollars. World has an established reputation in the carpet industry as a "trend setter." Nationwide,

World has spent approximately eighteen million dollars on newspaper, magazine, and television advertising.

World is the owner of federal registered trademarks WORLD and WORLD with a globe symbol. The federal trademark WORLD has become incontestable under Section 15 of the Lanham Act, 15 U.S.C.A. §1065.

World and Armstrong are major competitors in the carpeting industry. Their manufacturing processes are similar. They have similar sales and distribution methods. For example, the companies frequently market their products through the same retail stores. Both companies typically furnish distributors and retailers with sample books, display racks, and other promotional materials. Armstrong and World both advertise in the same magazines, often on adjacent pages. The companies use the same toll-free telephone number for consumer inquiries.

II. How It Went: A Rug By Any Other Name

When efforts to resolve the name change dispute failed, Armstrong brought this declaratory judgment action, seeking a ruling that its proposed new corporate name did not infringe or unfairly compete with World's rights in its registered trademarks, WORLD and WORLD with a globe symbol.¹ World counterclaimed for an injunction restraining Armstrong's use of the

¹ For an example of the latter trademark, see World's carpet label, reproduced *infra*, at 13a.

new name and for damages and attorneys fees for violations of the Georgia Fair Business Practices Act of 1975, Ga.Code Ann. §§106-1201 to 1217. A jury was impaneled for a determination of World's counterclaim for damages. The jury found that World was not entitled to exemplary or punitive damages. The jury also made advisory findings of fact that Armstrong's use of the proposed name was likely to cause confusion, was not a good faith, fair, and descriptive use of the word *World*, and was an unfair trade practice. The District Court then made its own findings of fact and conclusions of law and enjoined Armstrong from using the proposed name.

The District Court held that World was entitled to injunctive relief because Armstrong carpet sold by Armstrong World Industries, Inc. would likely be confused with carpet sold by World and that therefore Armstrong's use of its proposed corporate name would infringe World's trademark rights.² The Court further

² Lanham Act §32(1), 15 U.S.C.A. §1114(1), sets forth the elements of an action for infringement of a registered trademark:

(1) Any person who shall, without the consent of the registrant—

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection

held that Armstrong could not claim protection under the "fair use" defense of Section 33(b)(4) of the Lanham Act.³

The Court ruled against World on the state law issue, finding that Armstrong had not passed off its goods as those of World and that no one was actually confused by the proposed name change. The Court upheld the jury's refusal to award damages to World.

On this appeal, Armstrong attacks the holdings adverse to it. World attacks the District Court's resolu-

with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive.

shall be liable in a civil action by the registrant for the remedies hereinafter provided.

³ Section 33(b)(4) of the Lanham Act, 15 U.S.C.A. §1115(b)(4), codifies the common law principle of "fair use," under which a party is protected in certain uses of a registrant's otherwise exclusive trademark:

(b) If the right to use the registered mark has become incontestable under section 1065 of this title, the registration shall be conclusive evidence of the registrant's exclusive right to use the registered mark in commerce . . . except when one of the following defenses or defects is established:

(4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a trade or service mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe to users the goods or services of such party, or their geographic origin

tion of the state law issue. We need discuss only one of these challenges.⁴

III. The Legal Standard: Confusion Reigns

In a trademark infringement case, the controlling issue is whether the alleged infringer's imitation of a registered mark is "likely to cause confusion, or to cause mistake, or to deceive . . ." Lanham Act §32(1), 15 U.S.C.A. §1114(1); *Roto-Rooter Corp. v. O'Neal*, 5 Cir., 1975, 513 F.2d 44; *World Carpets, Inc. v. Dick Littrell's New World Carpets*, 5 Cir., 1971, 438 F.2d 482; *Continental Motors Corp. v. Continental Aviation Corp.*, 5 Cir., 1967, 375 F.2d 857; *American Foods, Inc. v. Golden Flakes, Inc.*, 5 Cir., 1963, 312 F.2d 619.⁵ Therefore, as the District Court

⁴ We affirm the District Court's ruling against World on its claim under the Georgia Fair Business Practices Act of 1975. World has failed to prove that Armstrong has engaged in "unfair or deceptive consumer transactions" or unlawful "consumer acts or practices." See Ga.Code Ann. §106-1203(a). Our resolution of the infringement issue makes it unnecessary to reach Armstrong's "fair use" defense.

⁵ From this "likelihood of confusion" test, two further questions emerge — confusion about what? and confusion of whom?

Until 1962, trademark infringement was based upon confusion of goods or businesses. See Act July 5, 1946, ch. 540, §32, 60 Stat. 437. Under the Lanham Act, as amended, however, Congress adopted an open-ended concept of confusion. See Act Oct. 9, 1962, Pub.L. No. 87-772, §17, 76 Stat. 773. Any kind of confusion will now support an action for trademark infringement:

A likelihood of confusion attributable to use of a similar trademark need no longer be predicated upon the claim that the public may be misled because there is a similarity between the goods or businesses. We may now refer not only to this "relative" confusion, but also to a concept of absolute confusion, one that arises out of another's use

rightly observed, the case turns upon the correctness of the District Court's finding that Armstrong's use of World's trademark in its corporate name created a likelihood of confusion in the minds of the carpet buying public.⁶

The finding of likelihood of confusion is one of fact and is therefore reviewed by this Court under the "clearly erroneous" test of F.R.Civ.P. 52(a). *T. G. I. Friday's, Inc. v. International Restaurant Group, Inc.*, 5 Cir., 1978, 569 F.2d 895; *Holiday Inns, Inc. v. Holiday Out In America*, 5 Cir., 1973, 481 F.2d 445. The question for us is whether the District Court's finding of likelihood of confusion was clearly erroneous.

of a similar mark in connection with a product or business wholly unrelated, or even alien, to that of the trademark owner.

³ R. Callmann, *The Law of Unfair Competition Trademarks and Monopolies* §80, at 539 (3d ed. 1969) (footnotes omitted) [hereinafter cited as Callmann]. See also *Continental Motors Corp. v. Continental Aviation Corp.*, 375 F.2d at 860 n. 8.

We decide the "confusion of whom" issue in terms of the product's typical buyer. *Kentucky Fried Chicken Corp. v. Diversified Packaging Corp.*, 5 Cir., 1977, 549 F.2d 368, 369 n. 26; *E. & J. Gallo Winery v. Ben R. Goltsman & Co.*, M.D.Ala., 1959, 172 F.Supp. 826, 829. "The general impression of the ordinary purchaser, buying under the normally prevalent conditions of the market and giving the attention such purchasers usually give in buying that class of goods, is the touchstone." Callmann, *supra*, §81.2, at 577 (footnote omitted).

⁶ Armstrong would concede that when the alleged infringer is a newcomer, the test for trademark infringement is not whether there is a likelihood of confusion, but whether there is any possibility of confusion. This Circuit has not adopted that position, and we see no reason to add such a gloss to the language of 15 U.S.C.A. §1114. Of course, the alleged infringer's newcomer status, and particularly his knowledge of the trademark owner's prior use, are relevant factors in determining the question of likelihood of confusion. They do not, however, change the legal standard.

A finding of fact of the District Court is clearly erroneous "when although there is evidence to support it, the reviewing court on the entire evidence is left with the definite and firm conviction that a mistake has been committed." *United States v. United States Gypsum Co.*, 1948, 333 U.S. 364, 395, 68 S.Ct. 525, 542, 92 L.Ed. 746. In other words, we reverse when the result in a particular case does not reflect the truth and the right of the case. *W. R. B. Corp. v. Geer*, 5 Cir., 1963, 313 F.2d 750, 753, *cert. denied*, 379 U.S. 841, 85 S.Ct. 78, 13 L.Ed.2d 47. We have such a result here. Having considered all the evidence in this case, we are convinced that the District Court was mistaken when it found that Armstrong's use of its proposed corporate name would create a likelihood of confusion with World, World's products, or any other aspect of World's business.

IV. *The Standard Applied: Who's Confused? By What?*

A finding of likelihood of confusion is based upon an evaluation both of the marks themselves and of certain extrinsic conditions, such as the parties' business operations or the intent of the alleged infringer.⁷ The evaluation of the marks themselves is of course the most important consideration, for it is in their similarity that the roots of confusion lie. See *Kentucky Fried Chicken Corp. v. Diversified Packaging Corp.*, 549 F.2d at 386; *B. H. Bunn Co. v. AAA Replacement Parts Co.*, 5 Cir., 1971, 451 F.2d 1254, 1261; *I. T. S. Industria Tessuti Speciali v.*

⁷ See Restatement Torts §729 (1938).

Aerfab Corp., S.D.N.Y., 1967, 280 F.Supp. 581, 586; Callmann, *supra* note 5, §80, at 538.

In this case, although the District Court found similarities in Armstrong's and World's business operations, the Court based its finding of likelihood of confusion primarily upon findings of similarities in the companies' products and marks.⁸ In particular, the Court found that the companies' carpets were, without the federally required label, indistinguishable. Findings of Fact No. 31. This factor, coupled with what the Court considered to be the "substantial similarity" in the companies' marks, was the deciding consideration leading to the Court's finding of likelihood of confusion: "The carpet products are so closely related that use of substantially similar marks would create a strong likelihood of confusion." *Id.*

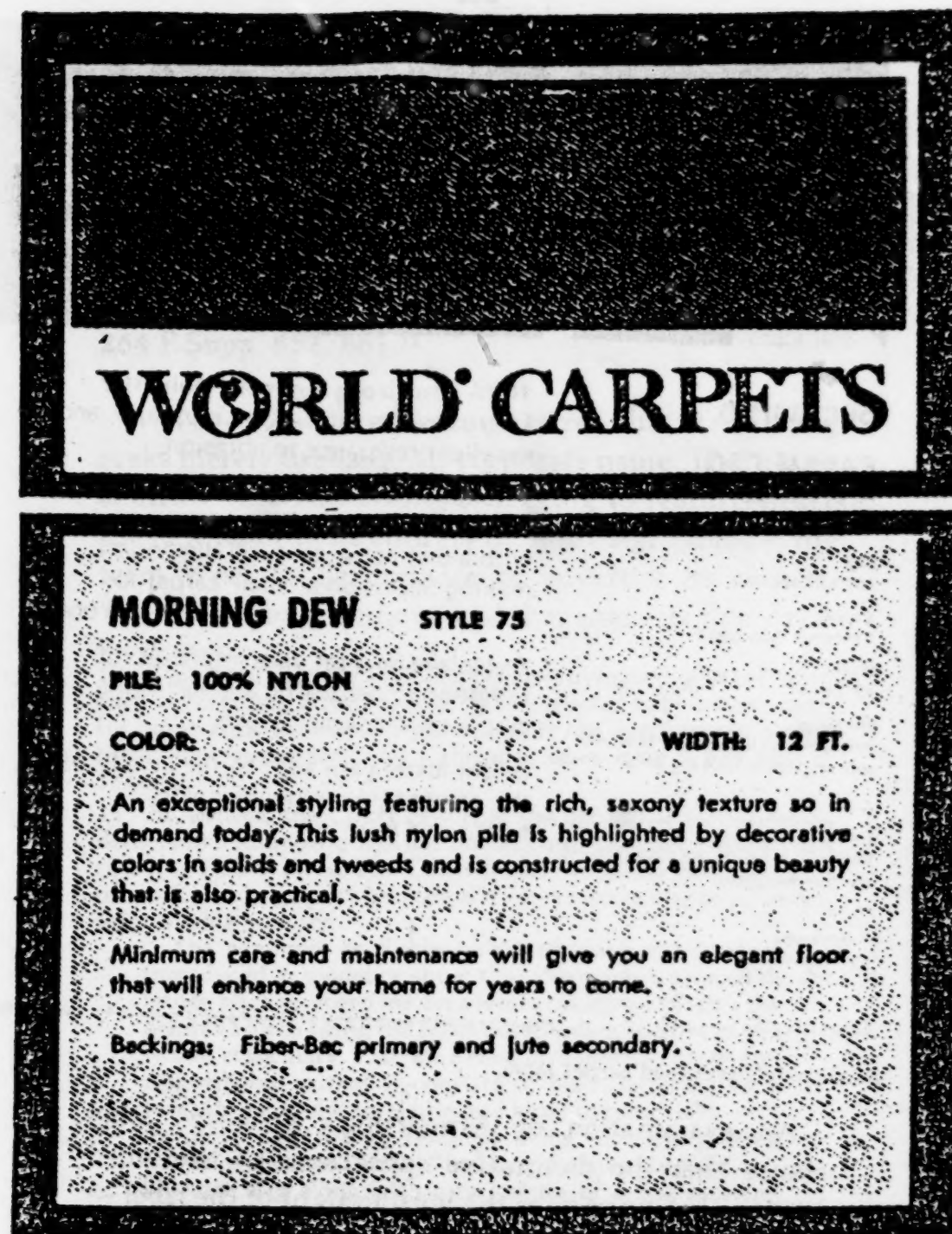
Of course, the findings of similar marks and products are also governed by the clearly erroneous standard. In this case, it is an error in one of these findings that taints the finding of likelihood of confusion with the brush of clear error. The Court's finding that Armstrong's proposed name and World's trademark are "substantially similar" is clearly erroneous, and without this finding, the finding of likelihood of confusion cannot stand.

⁸ We recognize that a corporate name is technically not a mark, but for simplicity's sake, we will use the term "mark" to refer to Armstrong's proposed corporate name as well as to World's trademark.

The mere fact that Armstrong's proposed corporate name contains the word *World* does not, of itself, make the name "substantially similar" to World's trademark. A mark must be viewed in its entirety and in context. It is the overall impression that counts. *B. H. Bunn Co. v. AAA Replacement Parts Co.*, 451 F.2d at 1262 n. 2; Restatement of Torts §729, Comment b (1938).

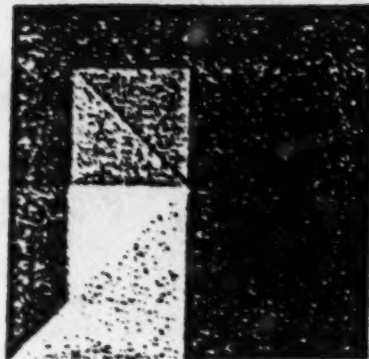
Part of this "overall impression" includes the manner in which a particular mark or designation is to be used. Callmann, *supra* note 5, §82.2(e). In this case, the Court attached significance to the fact that Armstrong would use its corporate name on its carpet labels and that this would likely cause confusion with World. Therefore, a comparison of World's carpet label⁹ seems appropriate:

⁹ With the exception of the new corporate name, the proposed label is identical to the label currently used by Armstrong. Although Armstrong is not bound to use this proposed label on its carpets, there is nothing, other than speculation, to suggest that it will not be used. Indeed, the only evidence on this point suggests that Armstrong will use its new corporate name in the same manner that it uses its present name. See e.g., Testimony of Armstrong Pres. Binns ("[Armstrong World Industries, Inc.'s] use, I would think would be the same kind of use that we have made of Armstrong Cork Company.").



World's carpet label.

14a



Seclusion

PALMETTO
506-5994

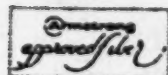
Pile
100% polyester

Color
Palmetto (506-5994)

Width
12' only

Backings
Available as Quality No. 506 with
jute secondary backing only.

Color note:
Different dye lots are subject
to color variation.



SA 1253 10-76J

Made in the United States of America by Armstrong World Industries Inc. Lancaster Pa 17604

Armstrong's proposed carpet label.

An examination of Armstrong's proposed label shows that the diminutive appearance of the word *World* — in fine print at the bottom right of the label — is obviously quite different from the appearance of

100% Armstrong approved polyester fiber provides softness, rich texture, and excellent resistance to abrasion.

Two-level cut-and-loop sculptured plush construction produces a subtle design with a distinctive textural dimension, making Seclusion an ideal carpet for living rooms, dining rooms, and bedrooms.

Autoclave heat-set yarn improves tip retention under traffic and keeps the carpet new looking longer.

Bright-luster yarn adds to the beauty of the carpet by keeping the colors bright and fresh.

15a

World's bold WORLD. The attention-getting feature in Armstrong's label is unquestionably Armstrong's own trademark — Armstrong with a circled A. The import of each label is altogether distinctive. With such clearly dissimilar labels, we fail to see how the ordinary purchaser of carpets would likely be confused between the two companies' products.¹⁰ Cf. *Robinson Co. v. Plastics Research & Development Corp.*, W.D.Ark., 1967, 264 F.Supp. 852, 861.¹¹

Moreover, it must be emphasized that Armstrong seeks merely to change its corporate name. There is no showing that Armstrong is seeking to feature either the new name in its entirety or, more significantly, the term *World* to denominate or advertise its carpets. There is nothing in the record that suggests that Arm-

¹⁰ This is particularly so since a person buying a "big ticket" item such as carpeting would ordinarily be expected to be a more careful buyer than the impulse purchaser or the purchaser of a relatively inexpensive item. See Callmann, *supra*, note 5, §81.2(a), at 584-88.

¹¹ In *Robinson*, the Court held that the use of the term *Rebel* on defendant's minnow plugs did not infringe plaintiff's trademark rights in REB-L lures. The Court found no substantial similarity of marks, in large part because the marks were displayed in distinguishable manner:

The examples of Robinson's trademark which were introduced in evidence show that the mark is printed in either black or green ink on a white background with the printed words being the most outstanding feature of the whole trademark. Plastics Research's mark is quite distinguishable in that it consists of black lettering on a brightly colored (red, white and blue) circular field, with its most outstanding features being, not the printed words or the term "Rebel," but a representation of a Confederate flag along with a caricature of a fish wearing what appears to be a Confederate soldier's cap. 264 F.Supp. at 861.

strong will deviate from its present policy of promoting its own admittedly well-known and distinctive trademark.¹² Under such circumstances, we believe that the District Court was clearly erroneous in finding that Armstrong's proposed corporate name is substantially similar to World's trademark.

Once the Court's finding of similarity of marks is rejected, the other factors supporting the Court's determination appear insignificant. The only other factors cited by the Court in its findings were the similarities in the companies' business operations and products. These findings, standing without the critical finding of trademark similarity, are hardly sufficient to support a determination of likelihood of confusion.

Indeed, much other evidence at trial seems to support a contrary finding. For example, the existence of eighty-five different carpet companies using without objection from World the word *World* in their business

¹² Admitting as typical Armstrong's exhibits showing prominent use of the Armstrong mark, World further admitted that "in the past, in print, the name Armstrong frequently appeared in larger size type than the remainder of the corporate name and that the corporate name has been accompanied by prominent references to Armstrong, per se." Statements of Armstrong officials indicate nothing other than an intention to maintain this policy:

The name we use is Armstrong in all of our advertising, and everything. That is it. The small corporate identification is primarily for legal corporate use. That would become the corporate name, but the one word Armstrong is what we have used, and that is all we would — that is what we would continue to concentrate on. . . .
Deposition of Harry Jensen, Exec. Vice Pres., Armstrong Cork Co.

— not to mention World's toleration of Armstrong's own use of the terms *INDOOR WORLD* and *Pacific World* — militates against the finding of likelihood of confusion.¹³ Restatement of Torts §729, Comment (g), at 596 (1938) ("The greater the number of identical or more or less similar trade-marks already in use . . . the less is the likelihood of confusion.").

World, however, contends that there is evidence showing not merely likelihood of confusion, but even actual confusion. First, World points to commentary in a trade magazine that purportedly suggests that Armstrong might have acquired World. This information came into the record via Armstrong's answer to World's interrogatory.¹⁴ The commentary itself was properly excluded as hearsay. We find this evidence to be practically useless. From the interrogatory, it is of course impossible to know exactly what was written in the trade magazine. It is also impossible to determine

¹³ World, however, tries to distinguish between the use of *World* by retailers as opposed to manufacturers. Insofar as consumers are concerned, the distinction seems tenuous. On at least one prior occasion, World apparently shared this view. See *World Carpets, Inc. v. Dick Littrell's New World Carpets*, 5 Cir., 1971, 438 F.2d 482.

¹⁴ The interrogatory, introduced into evidence at trial, reads as follows:

Please state whether Plaintiff Corporation is aware of any instance where the name Armstrong World Industries Inc. has generated oral or written comment in the soft floor covering industry or its trade journals or by customers of that industry as to whether the plaintiff and the defendant have merged or have, in some way, become affiliated with each other.

The answer, "Floorcovering Weekly, Exhibit 4."

whether the author of the comments was actually confused, merely speculating, or attempting to be humorous about whatever it was he or she was writing about.

World also cites the testimony of two businessmen who stated that upon first learning of Armstrong's proposed name change they entertained short-lived impressions that Armstrong had acquired or merged with World.¹⁵ To the extent that this evidence shows confusion at all, it is insufficient to tip the scales in World's favor. The fact that there might have been some evidence to support a particular finding does not make that finding impervious to F.R.Civ.P., 52(a) reversal if the reviewing court is convinced that a mistake has nonetheless been made. *W. R. B. Corp. v. Geer*, 313 F.2d at 752; *Sanders v. Leech*, 5 Cir., 1946, 158 F.2d 486, 487.

¹⁵ The first of these businessmen to testify, Patrick Shaw, currently World's Director of Marketing, responded to questioning by counsel for World:

Q: [P]lease limit yourself to your first impression that you formed when you first heard of the proposed name change of Armstrong Cork Company

A: That the two firms might possibly have merged. But, again, realizing that the Armstrong philosophy of selling carpet and where they were at in the market place, that it could not exist.

The second businessman, Truett Lomax, Director of Administration of the Carpet & Rug Institute, Dalton, Georgia, testified that his first impression upon learning of the name change was that Armstrong had acquired World, but he added on cross-examination that he learned relatively quickly that it was "just a rumor."

V. Conclusion

Our evaluation of the evidence adduced at trial convinces us that the District Court was clearly erroneous in its finding of similarity of marks and that without this finding there was no evidence from which one could reasonably find that Armstrong's adoption of the name Armstrong World Industries, Inc. would create a likelihood of confusion with World Carpets, Inc., its products, or whatever. Hence, there is no trademark infringement.¹⁶

We reverse in part and affirm in part, upholding only that portion of the District Court opinion denying World monetary damages and relief under state law.

REVERSED IN PART; AFFIRMED IN PART.

¹⁶ We caution that our holding is a narrow one. We merely hold that Armstrong may change its corporate to Armstrong World Industries, Inc. without infringing upon World's trademark rights. Our holding does not give Armstrong carte blanche to use its new name in such a manner that it infringes upon World's rights. Therefore, to this extent, the District Court's Finding of Fact No. 28 is misleading ("Armstrong . . . would not be restricted, by law or self-control, to any particular use, alone or in combination, of either 'Armstrong' or 'World'."). Should Armstrong in future use its new name in such a manner that it infringes upon World's trademark rights, World will of course be free at that time to seek redress. In addition, although there is no evidence now to support a finding of common law unfair competition, should Armstrong subsequently attempt to "pass off" its products as those of World, such a cause of action might lie. For discussion of the law of unfair competition in this Circuit, see *Kentucky Fried Chicken Corp. v. Diversified Packaging Corp.*, 549 F.2d at 381-86; *Boston Professional Hockey Ass'n. v. Dallas Cap & Emblem Mfg., Inc.*, 5 Cir., 1975, 510 F.2d 1004, 1010; *B. H. Bunn Co. v. AAA Replacement Parts Co.*, 451 F.2d at 1262-67.

20a

IN THE UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

No. 78-1919

ARMSTRONG CORK COMPANY and
ARMSTRONG WORLD INDUSTRIES, INC.,
Plaintiffs-Appellants,
Cross-Appellees,

versus

WORLD CARPETS, INC., ET AL.,
Defendants-Appellees,
Cross-Appellants.

Appeals from the United States District Court for the
Northern District of Georgia

ON PETITION FOR REHEARING

Filed: Aug. 10, 1979

Before BROWN, Chief Judge, COLEMAN and
TJOFLAT, Circuit Judges.

21a

PER CURIAM:

IT IS ORDERED that the petition for rehearing filed
in the above entitled and numbered cause be and the
same is hereby DENIED.

ENTERED FOR THE COURT:

/s/ JOHN R. BROWN
CHIEF JUDGE

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA
ROME DIVISION

ARMSTRONG CORK CO.

versus CA No. C77-49R

WORLD CARPETS, INC., ET AL.

OPINION

STATEMENT OF THE CASE

1. This matter is before the Court as a declaratory
judgment action. The plaintiff, Armstrong Cork Com-
pany, ("Armstrong") is seeking a determination that
the name "Armstrong World Industries, Inc." does not
infringe or unfairly compete with the defendant's

name, World Carpets, Inc. ("World Carpets"). The action arises under a Federal statute dated July 5, 1946, and commonly referred to as "The Lanham Trade-Mark Act". The defendant has counterclaimed alleging that the name Armstrong World Industries, Inc. is an infringement upon the trademark owned by the defendant and would constitute a form of unfair competition. Additionally, the defendant has alleged that the plaintiff's use of the name will dilute the distinctive qualities of the defendant's trademark and registered tradename, would violate the Uniform Deceptive Trade Practices Act of the State of Georgia, and would falsely designate a source of origin of the plaintiff's goods as emanating from the defendant.

2. A trial was held before this Court during the week of December 12, 1977. A jury was impanelled for a determination as to World Carpets' counterclaim for damages. The jury found that World Carpets was entitled to no exemplary or punitive damages. The jury also made advisory findings of fact.

FINDINGS OF FACT

The Parties

3. The plaintiff, Armstrong Cork Co., is a Pennsylvania corporation that manufactures home furnishing products, namely, resilient flooring (also referred to as hard surface flooring), ceiling materials,

furniture, carpeting, and a line of specialties. The products are offered under various marks such as Armstrong, Brinton, Thomasville, and Evans & Black (E & B).

4. Armstrong is a domestic corporation with subsidiaries and affiliates in eight foreign countries and sales in approximately one hundred countries. With the exception of Brinton Carpets in Canada, none of the plaintiff's foreign subsidiaries or affiliates manufacture carpet.

5. Armstrong is best known for its hard surface flooring products. However, in the past plaintiff has made temporary ventures into the rug business. In the early part of this century, Armstrong manufactured or sold rugs under names such as Quaker Rugs, Fetterolf Rugs, and finally under the Delttox label which was discontinued in the early 1960's. Plaintiff acquired Brinton Carpets in Canada in 1966, a woven and tufted producer of carpeting, and Evans & Black of Texas and Georgia in 1967, a tufted carpet producer. Armstrong began and expanded its carpeting interests through purchase and acquisition.

6. Armstrong is owner of the following federal registrations for the trademarks THE INDOOR WORLD and INDOOR WORLD:

<u>Registration Number</u>	<u>Class Goods/</u>	<u>Granted Date</u>
936,299	Interior decorating services — namely, advice and consultation to others in the use of floors, carpets, furniture, wall coverings and ceilings provided by applicant and others. Class 35.	June 20, 1972
1,007,135	Woven fabrics in the piece made of cotton. Class 24.	March 18, 1975

7. These registrations are not for carpeting. The INDOOR WORLD registrations are not used for any specific product and do not appear on any carpet labels.

8. Armstrong is a large advertiser and has expended 180 million dollars in advertising over a number of years. This total includes 40 million dollars in which there was a reference to its "Indoor World" interior decorating services and cotton piece goods marks. However, only two million dollars has been spent in exclusive carpet advertising. Presently the plaintiff and its subsidiaries are one of the larger producers of carpet.

9. Since 1973, Armstrong has been operating a wholly owned subsidiary under the name Pacific World. Pacific World acts as the wholesale distributor of Armstrong carpets in California and surrounding areas. Pacific World does approximately six to seven million dollars of sales annually.

10. Armstrong has been considering a name change for some time. The name "Armstrong Cork" does not reflect the fact that cork material is no longer a significant ingredient in Armstrong's product line.

11. Among the names considered by Armstrong before settling on "Armstrong World Industries, Inc." were:

Armstrong International

Armstrong Industries

Armstrong Indoor World Industries

Armstrong Industries and Armstrong International could not be cleared for use in certain states because of existing companies with identical names. Armstrong Indoor World Industries was not adopted because it was considered too restrictive.

12. Armstrong has incorporated in Delaware a name holder company, "Armstrong World Industries, Inc." and received permission to do business in that name in each of the fifty states.

13. Armstrong seeks a court determination through this action that the use of the name "Armstrong World Industries, Inc." as its corporate identification would not infringe on the rights of defendant, World Carpets.

14. Defendant, World Carpets, Inc., is a Georgia corporation which manufactures one product, tufted

<u>Registration Number</u>	<u>Goods/Class</u>	<u>Date Granted</u>
767,616	Textile carpeting Class 42	March 30, 1965
1,044,266	Textile carpeting Class 27	July 20, 1976

18. Registration Number 787,616 has become incontestable pursuant to 15 U.S.C. §1065.

19. Through defendant's national consumer magazine advertising, national trade magazine advertising, and national circulation of other advertising materials, the word "WORLD" has come to denominate and identify only World Carpets, Inc., of Dalton, Georgia in the field of manufacturing and distribution of carpeting.

20. World Carpets has been first or among the first in developing a float manufacturing system, a transporter system, flat and rotary printing systems, tak dyeing systems, electronic dyeing systems, one of the first to manufacture artificial turf, one of the first to establish diversified warehouse system, and the first to print Oriental and Rya rug patterns. World Carpets' manufacturing innovations serve to illustrate the extremely competitive nature of the tufted carpet market.

Product and Distribution Overlap

21. Both Armstrong and World Carpets manufacture, wholesale and distribute tufted carpet products to

textile carpet. World Carpets was organized in 1954 at the inception of technical breakthroughs in the tufted carpet industry and is a closely held corporation with subsidiaries in seven metropolitan areas throughout the United States. World Carpets began on a rather small scale but has grown with the carpet industry and is now a multi-million dollar corporation with annual sales in excess of 100 million dollars.

15. World Carpets has established a reputation in the industry as a trend setter and innovator of technology, distribution techniques, carpet coloring, and styles. World Carpets manufactures Oriental rugs, Rya rugs, and carpeting in seventy styles of ten to twenty colors each. Nationwide, World Carpets has expended approximately 18 million dollars on newspaper, magazine and television advertising.

16. The defendant actively participates in foreign trade shows and is a major exporter of carpets. Advertising and sales are made in 25 countries, including Japan, England, Australia, and Germany. World Carpets' exports account for thirteen percent of all tufted carpet exported from this country by all manufacturers of tufted carpet.

17. Defendant is the owner of the following federal registrations for the trademarks WORLD and WORLD with a globe:

laminate the same with similar rubber or latex products onto jute. Many of the major rubber companies are in the tufted carpet business. Both Armstrong and World Carpets have integrated manufacturing processes which spin their own fibers into yarn. Both parties tuft, back and dye carpeting products using the same general methods. Basically, the manufacturing processes of the plaintiff and defendant are the same.

25. Because of similarity of manufacturing processes, styles and colors, there is relatively a low manufacturer identification with a particular fabric style of the tufted carpet produced. This low identification level is enhanced by the fact that when carpeting is installed no identification labels and marks can be seen.

26. Product identification is required of the manufacturer, however. The Federal Trade Commission and the FHA require the corporation's name or identification number to appear on every label affixed to carpeting samples and goods made by a manufacturer. The Magnuson-Moss Act requires identification of the manufacturer on labels on carpet which is warranted.

27. The Armstrong corporate name appears on every label of carpet marketed by Armstrong. The Armstrong name also appears on private labels of carpeting manufactured by Armstrong for others.

28. Armstrong would use the name "Armstrong World" for the purpose of company identification, but

distributors and retailers. Neither the plaintiff nor the defendant sell these products directly to the public. Armstrong and World Carpets are major competitors in the market with similar types of floor covering products, and to the extent that carpeting competes with hard surface flooring, plaintiff and defendant also compete in this area. Further, plaintiff's and defendant's distribution subsidiaries compete with each other in a market to retailers.

22. The competition assumes many forms. Armstrong and World Carpets seek to sell to the same consumers and the same markets. They have the same or similar sales and distribution methods. They advertise in the same magazines, often on adjacent pages. In many instances Armstrong and World Carpets market through the same retail stores and use the same toll free telephone number advertising service for consumer inquiries.

23. Both Armstrong and World Carpets furnish distributors and retailers with sample books which are binders containing carpet styles and sample colors, display racks known as falls or waterfalls containing styles, samples and colors together with styling booklets, notebooks, posters, circulars and other promotional and sales aid materials.

24. Armstrong and World Carpets manufacture their carpeting products out of the same fibers or same types of fibers acquired from the same sources and

it would not be restricted, by law or self-control, to any particular use, alone or in combination, of either "Armstrong" or "World".

29. The nominative sense of the word "World" is arbitrary when used with carpet. It is not descriptive of the characteristics of goods or services of a carpet manufacturer and it does not indicate geographic origin. *World Carpets, Inc. v. Dick Littrell's New World Carpets*, 438 F.2d 482, 486 (5th Cir. 1971).

30. When used with respect to the manufacture and distribution of tufted carpeting products, the word "WORLD" and "WORLD" with a globe signifies to the public the defendant and no other.

31. The carpet of the plaintiff is substantially similar to that of the defendant. Without a label the ordinary consumer could not distinguish between the products of carpet manufacturers. The carpet products of Armstrong and World Carpets have certain basic similarities. The products of each party are marketed in the same manner; in certain instances they are offered for sale by the same retailer. The carpet products are so closely related that use of substantially similar marks would create a strong likelihood of confusion.

CONCLUSIONS OF LAW

32. This action arises under the Lanham Trade-Mark Act, as amended, 15 U.S.C. §1501 et seq. Jurisdic-

tion is invoked pursuant to 28 U.S.C. §2201 and 15 U.S.C. §1121.

33. The trademarks "WORLD" and "WORLD" with a globe are valid, subsisting, owned by defendant and the use of the name "Armstrong World Industries, Inc." would constitute an infringement. See, *New World Carpet*, supra.

34. The federal trademark registration for WORLD has become incontestable under 15 U.S.C. §1065 and World Carpets is entitled to the benefits of 15 U.S.C. §1115(b).

35. Registration creates the presumption that World Carpets has the exclusive right to use the trademark "WORLD" in connection with carpets. 15 U.S.C. §1057(b); *American Express Co. v. Lyons*, 193 USPQ 96 (E.D. Cal. 1976).

36. The owner of a registered trademark does not have to prove secondary meaning. *Roto-Rooter Corporation v. O'Neal*, 513 F.2d 44, 46 (5th Cir. 1975); *Glamorene Products Corp. v. Boyle-Midway, Inc.*, 188 USPQ 145, 164 (S.D.N.Y. 1975).

37. The central issue before the Court is whether plaintiff's new name would create a likelihood of confusion. That issue is a question of fact. *T.G.I. Friday's, Inc. v. International Restaurant Group*, No. 76-1633 (5th Cir. March 17, 1978); *Holiday Inns, Inc. v. Holiday Out in America*, 481 F.2d 445, 447 (5th Cir. 1973).

38. The Court's inquiry must consider the likelihood of confusion of all purchasers, from the experienced and intelligent to the naive and gullible. *Stork Restaurant, Inc. v. Sahati*, 166 F.2d 348, 359 (9th Cir. 1948); *Jockey International, Inc. v. Burkard*, 185 USPQ 201, 207 (S.D. Cal. 1975).

39. Considerations relevant to the likelihood of confusion include the similarity of design, similarity of products, identity of retail outlets and purchasers, identity of advertising media utilized, the degree of care likely to be exercised by purchasers, and the existence of actual confusion. *Union Carbide Corp. v. Ever-Ready Inc.*, 531 F.2d 366, 381-82 (7th Cir. 1976); *Roto-Rooter*, supra, 513 F.2d at 45.

40. A party need not show actual confusion to prevail on a claim of trademark infringement; likelihood of confusion is, of course, sufficient. *Scarves by Vera, Inc. v. Todo Imports, Ltd.*, 544 F.2d 1167, 1175 (2nd Cir. 1976); *Beef/Eater Restaurants, Inc. v. James Burrough Limited*, 398 F.2d 637, 639 (5th Cir. 1968); *Fotomat Corporation v. Cochran*, 437 F.Supp. 1231, 1244 (D. Kan. 1977).

41. One seeking to utilize a name already in use in a particular area and with respect to a particular product has a duty to name his goods so as to avoid all possibility of confusion. *AMP Inc. v. Foy*, 540 F.2d 1181, 1187

(4th Cir. 1976); *Harold F. Ritchie, Inc. v. Chesebrough-Pond's, Inc.*, 281 F.2d 755, 758 (2nd Cir. 1960)¹

42. The grant of a corporate charter in Delaware to "Armstrong World Industries, Inc." and clearance of that name for use in all fifty states does not constitute a license to infringe defendant's trademark nor will it provide a defense. *Little League Baseball v. Daytona Beach Little League*, 193 USPQ 611, 614 (M.D. Fla. 1977). See, *Seaboard Finance Company v. Martin*, 244 F.2d 329, 331-32 (5th Cir. 1957).

43. Third party uses of the word "World" are, at most, but one of the elements to be weighed in a determination of likelihood of confusion. *Continental Motors Corp. v. Continental Aviation Corp.*, 375 F.2d 857, 861 (5th Cir. 1967).²

Fair Use

44. Armstrong contends the addition of the word "World" to the Armstrong name is statutorily protected. As provided in 15 U.S.C. §1115(b)(4), it is a defense:

¹ The rationale for this rule has been best expressed by Judge Learned Hand. "Of course, the burden of proof always rests upon the moving party, but having shown the adoption of a similar trade name, arbitrary in character, I cannot see why speculation as to the chance that it will cause confusion should be at the expense of the man first in the field." *Lambert Pharmacal Co. v. Bolton Chemical Corp.*, 219 F. 325, 326 (S.D.N.Y. 1915).

² For the proposition third party uses would be completely irrelevant to plaintiff's infringement of the WORLD trademark, see, *AMF Incorporated v. American Leisure Products*, 474 F.2d 1403, 1406 (CCPA 1973); *Tisch Hotels Inc. v. Americana Inn, Inc.*, 350 F.2d 609, 614 (7th Cir. 1965); *Admiral Corp. v. Penco, Inc.*, 203 F.2d 517, 521 (2nd Cir. 1953).

That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a trade or service mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe to users the goods or services of such party, or their geographic origin. . . .

45. The "fair use" defense protects the use of an otherwise unavailable mark if the use is only for a descriptive purpose. See, *Q-Tips, Inc. v. Johnson & Johnson*, 206 F.2d 144, 148 (3rd Cir. 1953).

46. A fair use is a descriptive use of a name to indicate the nature, quality, and purpose of the goods themselves and not the name of the manufacturer or the distributor of the goods. Use of the name "Armstrong World Industries, Inc." would be nominative and as a trademark. *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 12 (2nd Cir. 1976). See, *Drexel Enterprises, Inc. v. Richardson*, 312 F.2d 525, 527 (10th Cir. 1962); *Safeway Stores, Inc. v. Safeway Properties, Inc.*, 307 F.2d 495, 499 (2nd Cir. 1962).

47. At most, the addition of "World" to "Armstrong" would serve to describe the potential range of plaintiff's business, not the goods or services of that business. See, *Venetianaire Corp. of America v. A & P Import Co.*, 429 F.2d 1079, 1082 (2nd Cir. 1970).

48. The word "World" is far too broad to suggest any identifiable geographic place of origin. *New World Carpets*, supra, 438 F.2d at 486.

Secondary Meaning

49. As an alternative basis for a finding of infringement, it is to be noted that trademark protection is afforded by focusing upon the "use of words, not on their nature or meaning in the abstract". (emphasis in original). *Venetianaire*, supra, 429 F.2d at 1082; *Abercrombie & Fitch*, supra, 537 F.2d at 12.

50. If, through use and association over a period of time, a word has come to stand in the minds of the public as a name or identification for a particular party's product, that word has acquired a secondary meaning and is entitled to protection. *Miss Universe, Inc. v. Patricelli*, 408 F.2d 506, 509 (2nd Cir. 1969); *Safeway Stores*, supra, 307 F.2d at 498-499. As noted, in division 30, the name "WORLD" when used with respect to carpet manufacturers signifies the defendant and its carpet.

State Law Violations

51. World Carpets has counterclaimed, alleging violation of the Georgia "Fair Business Practices Act of 1975" and, specifically, Ga. Code Ann. §106-1203. World Carpets has enumerated the violation as involving the following subsections:

- (1) Passing off goods or services as those of another;
- (2) Causing actual confusion or actual misunderstanding as to the source, sponsorship, approval or certification of goods or services;
- (3) Causing actual confusion or actual misunderstanding as to affiliation, connection, or association with, or certification by, another. . . .

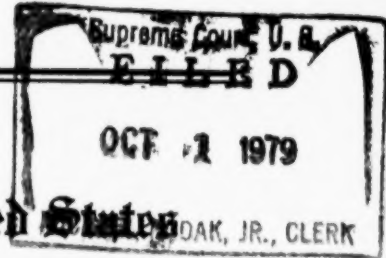
52. The evidence adduced at trial disclosed no actual confusion or actual misunderstanding. This was a declaratory judgment action and plaintiff never used the name "Armstrong World Industries, Inc." in connection with its products. The jury expressly held defendant was not entitled to an award of damages and that determination is supported by the evidence.

IT IS THEREFORE ORDERED, that the plaintiff, Armstrong Cork Company, and its attorneys, agents, employees, representatives, and all others in privity with them, be enjoined and restrained from using the name "Armstrong World Industries, Inc."

This the 23rd day of March, 1978.

/s/ HAROLD L. MURPHY
UNITED STATES DISTRICT
JUDGE

IN THE
Supreme Court of the United States



OCTOBER TERM, 1979

No. **79-478**

WORLD CARPETS, INC., et al.,

Petitioners,

versus

ARMSTRONG CORK COMPANY, et al.,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

BRIEF FOR RESPONDENTS IN OPPOSITION

DAVID H. T. KANE
Attorney for Respondents

Of Counsel:

SIEGRUN D. KANE
Kane, Dalsimer, Kane, Sullivan
and Kurucz
420 Lexington Avenue
New York, New York 10017
(212) 687-6000

OSCAR M. SMITH
Smith, Shaw, Maddox, Davidson
& Graham
P. O. Box 29
Rome, Georgia 30161
(404) 291-6223

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Argument

World Carpets' Petition for Certiorari is constructed on the imaginary premise of conflict among the circuits. The supposed conflict centers around the legal standard applied in determining the issue of trademark infringement. World Carpets agrees that in the opinion below: "The Court of Appeals correctly stated the controlling issue in a trademark infringement case to be whether the alleged infringer's name is likely to cause confusion (15 U.S.C. §1114).^{*} (Petition, p. 6).

^{*} 15 U.S.C. 1114(1) imposes liability for use of a colorable imitation of any registered mark if such use "is likely to cause confusion or mistake or to deceive".

But World Carpets goes on to contend that in certain situations, namely "when a newcomer to a trade or a product area is involved", the likelihood of confusion standard does not apply. In these so-called "newcomer" cases, the standard urged by World Carpets is the "avoidance of all possible confusion" (Petition, p. 7). Moreover, World Carpets argues that in the Second, Fourth and Seventh Circuits, avoidance of all possible confusion by the newcomer has in fact replaced the likelihood of confusion standard. Thus, a conflict is claimed to exist with the Fifth Circuit decision below which relies on the statutory standard of likelihood of confusion.

In support of its conflict theory, World Carpets points to four decisions in the Second, Fourth and Seventh Circuits. But a review of these four opinions indicates that, in each case, likelihood of confusion was the governing standard:

The Fourth Circuit states in *AMP Inc. v. Foy*, 540 F.2d 1181, 1185-6 (4th Cir. 1976):

"... the test is 'likelihood to confuse'. Mere possibility of confusion is not sufficient." [Emphasis supplied].

The Second Circuit states in *Harold F. Ritchie, Inc. v. Chesebrough-Pond's, Inc.*, 281 F.2d 755, 758 (2d Cir. 1960):

"In this circuit and others, numerous decisions have recognized that the second comer has a duty to so name and dress his product as to avoid all likelihood of consumers confusing it with the product of the first comer." [Emphasis supplied].

The Seventh Circuit opinion in *G.D. Searle & Co. v. Chas. Pfizer & Co.*, 265 F.2d 385, 387 (7th Cir. 1959) is to the same effect. The Court confirms its previous decisions holding:

"... the test under the statute, 15 U.S.C.A. §1114(1), is *likelihood* of confusion." [Emphasis supplied].

and further:

"Thus, it is clear that the test is *likelihood* of confusion and not the quantity of actual confusion." *Id.* at 388. [Emphasis supplied].

Even the pre-Lanham Act 1927 Seventh Circuit opinion quoted by World Carpets unequivocally applies the likelihood of confusion standard:

"... infringement of a trademark [occurs] ... if one adopts a trade-name or a trademark so like another ... that one ... is *likely* to become confused or misled." *Northam Warren Corp. v. Universal Cosmetic Co.*, 18 F.2d 774, 775 (7th Cir. 1927). [Emphasis supplied].

Thus, the very cases relied on by World Carpets belie its claim to a different standard of confusion among the Circuits.

Armstrong does not dispute that the phrase "avoiding all possibility of confusion" is also found in the cited opinions. However, these references do not indicate abandonment of the likely confusion test. They are merely another way of saying that where bad faith is involved, a court will be quicker to find likelihood of confusion. In *Ritchie v. Chesebrough*, for example, where a newcomer engaged in "intentional imitation" this factor was considered to raise a presumption of confusion. 281 F.2d at 760.

Similarly, in *AMP v. Foy*, the reference to avoiding all possibility of confusion was in the context of the court's discussion of the weight to be given defendant's prior knowledge of plaintiff's mark. The court noted the principle that the "intent to exploit the goodwill of an already regis-

tered trademark creates a presumption of a likelihood to confuse". 540 F.2d at 1186. The court went on to quote the Second Circuit in *Ritchie* which in turn quoted the Seventh Circuit in *Searie* as examples of authority placing "considerable emphasis upon defendant's knowledge of plaintiff's prior use". *Id.* at 1186, n. 11 and 1187.

Likewise, in *Northam Warren v. Universal Cosmetic*, the reference to avoiding all possible confusion was in the context of the court's determination that defendant "hope[d] that benefit might accrue from the similarity" to plaintiff's mark. 18 F.2d at 775.

Clearly, the standard of likelihood of confusion does not vary among the circuits. What may vary is the degree of weight given to certain relevant facts, such as the newcomer's knowledge of and intent to exploit the similarity with a well known mark.*

The principle that the legal standard of likelihood of confusion remains constant, regardless of the status of the particular infringer, was recognized by Chief Judge Brown, in the opinion below:

"Of course, the alleged infringer's newcomer status, and particularly his knowledge of the trademark owner's

* A further flaw in World Carpets' Petition is the totally erroneous and unsupported assertion that Armstrong was found to be a "newcomer" to the tufted carpet industry and to use of the word "World". (Petition, p. 7). On the contrary, the Court below specifically recognized Armstrong's past history of using the term "World" as part of the names Indoor World and Pacific World, as well as its decade of activities specifically in the tufted carpet field (Petition 2a-3a). Indeed, by the time of Armstrong's selection of the company name, Armstrong World Industries, Inc., it had become one of the largest producers of carpet (Petition 3a). There was no need to trade on World Carpets' name and there was not a scintilla of bad faith found by either the Court of Appeals or the District Court. Armstrong was in no sense found to be a "newcomer" trying to ease its entry into a field by trading upon the good name and success of a competitor.

prior use, are relevant factors in determining the question of likelihood of confusion. They do not, however, change the legal standard." (Petition 9a, n. 6).

This articulation of the unchanging legal standard by the Fifth Circuit is indeed consistent with the Second, Fourth and Seventh Circuits.

CONCLUSION

Likelihood of confusion is the governing standard in all the Circuits. There simply is no conflict as to the legal test. Nor as a factual matter is Armstrong a "newcomer".

The Petition for a Writ of Certiorari should be denied.

Respectfully submitted,

SIEGRUN D. KANE
Attorney for Respondents

Of Counsel:

DAVID H. T. KANE
Kane, Dalsimer, Kane, Sullivan
and Kurucz
420 Lexington Avenue
New York, New York 10017
(212) 687-6000

OSCAR M. SMITH
Smith, Shaw, Maddox, Davidson
& Graham
P. O. Box 29
Rome, Georgia 30161
(404) 291-6223

Certificate of Service

It is hereby certified that three (3) copies of the foregoing Brief for Respondent in Opposition were duly served by first class mail, postage prepaid, on the attorneys for Petitioners:

Warren N. Coppedge, Jr., Esq.
Mitchell, Mitchell, Coppedge, Boyett,
Wester & Bates
P.O. Box 668
Dalton, GA 30720

Julius R. Lunsford, Jr., Esq.
Beveridge, DeGrandi, Kline
& Lunsford
1012 Harris Tower
Peachtree Center
233 Peachtree Street, N.E.
Atlanta, Georgia 30303

This day of September, 1979.

SIEGRUN D. KANE
Attorney for Respondents